

Message Text

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ORIGIN EB-08

INFO OCT-01 EA-10 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 DOE-15 H-01 INR-10 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07 SP-02
SS-15 STR-07 TRSE-00 ACDA-12 /126 R

DRAFTED BY EB/ORF/FSE:JCTODD:CJR
APPROVED BY EB/ORF:SWBOSWORTH
EB/ORF/FSE:DFH
L/EB:JBAILLY
EA/J:CMACDONAL
DOE/IA:JTREAT UBS)
NSC:JRENNER(PHONE)
EA/P:JCANNON

-----081345 230554Z /14

R 222009Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 129825

E.O. 11652: GDS

TAGS: ENRG, JA, US

SUBJECT: EXPORT OF U.S. CRUDE OIL TO JAPAN

REF: TOKYO 8093

1. SENATOR HAYAKAWA RAISED ALASKAN OIL ISSUE DURING
FUKUDA VISIT TO CAPITOL HILL MAY 2. HE ASKED PRIME
MINISTER WHETHER JAPAN WOULD BUY ALASKAN CRUDE IF
U.S. CHANGED ITS LAW. PRIME MINISTER EXPRESSED INTEREST.
THE NEXT DAY AT LUNCH HE RAISED ISSUE WITH THE PRESIDENT,
WHO SAID THAT U.S. WOULD GIVE THE MATTER CONSIDERATION.

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2. THE QUESTION OF HOW TO DEAL WITH THE PROBLEM OF A
SURPLUS OF CRUDE OIL ON THE WEST COAST IS UNDER STUDY
WITHIN THE ADMINISTRATION. IN RESPONSE TO QUERIES,
EMBASSY MAY CONFIRM THAT ISSUE CAME UP ON CAPITOL
HILL AND THE MATTER IS UNDER STUDY. SPOKESMAN SHOULD
NOT ALLUDE TO FACT THAT PRIME MINISTER DISCUSSED ISSUE
WITH THE PRESIDENT.

3. FOR EMBASSY'S INFORMATION, FOLLOWING SUMMARIZES APPLICABLE RESTRICTIONS ON CRUDE OIL EXPORTS. THE MINERAL LANDS LEASING ACT OF 1920, AS AMENDED BY THE

TRANS-ALASKA PIPELINE AUTHORIZATION ACT, GENERALLY FORBIDS EXPORT OF DOMESTICALLY PRODUCED CRUDE OIL THAT, AT SOME POINT, IS CARRIED IN PIPELINES OVER FEDERAL RIGHTS-OF-WAY GRANTED PURSUANT TO THE ACT. SECTION 4(L) OF THE EXPORT ADMINISTRATION ACT, AS AMENDED IN 1977, RESTATES THIS PROHIBITION AND LISTS THE CONDITIONS UNDER WHICH IT MAY BE WAIVED. THESE REQUIRE SPECIFIC PRESIDENTIAL FINDINGS THAT EXPORTS OF CRUDE OIL (A) WILL NOT DIMINISH THE TOTAL QUANTITY OR QUALITY OF PETROLEUM AVAILABLE TO THE U.S.; (B) WILL HAVE A QUOTE POSITIVE EFFECT ON CONSUMER OIL PRICES BY DECREASING THE AVERAGE CRUDE OIL ACQUISITION COSTS OF REFINERS; UNQUOTE (C) WILL BE MADE UNDER CONTRACTS WHICH MAY BE TERMINATED IF THERE IS A MAJOR INTERRUPTION OR SERIOUS THREAT OF INTERRUPTION OF U.S. SUPPLY; (D) ARE IN THE NATIONAL INTEREST; AND (E) ARE IN ACCORD WITH OTHER PROVISIONS OF THE EXPORT ADMINISTRATION ACT.

4. SECTION (4)(L)(2)(B) REQUIRES THAT THE PRESIDENT REPORT THE ABOVE FINDINGS TO THE CONGRESS AS AN QUOTE ENERGY ACTION UNQUOTE. THIS ENERGY ACTION IS SUBJECT CONFIDENTIAL

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TO THE DETAILED PROCEDURES OF SECTION 551 OF THE ENERGY POLICY AND CONSERVATION ACT (EPCA) OF 1975, EXCEPT THAT THE 15-DAY CONGRESSIONAL REVIEW PERIOD IS EXTENDED TO 60 CALENDAR DAYS, OF CONTINUOUS SESSION. EITHER HOUSE OF CONGRESS MAY OVERRIDE THE PRESIDENT'S NATIONAL INTEREST FINDING DURING THIS 60-DAY PERIOD BY A RESOLUTION OF DISAPPROVAL. VANCE

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